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SUBJECT: BANGLADESH'S ANTI-CORRUPTION CAMPAIGN FALTERS

Classified By: Ambassador James F. Moriarty: Reasons 1.4 (b) and (d)

SUMMARY

11. (C) The anti-corruption campaign of the Caretaker Government (CTG) appears to be fraying and, many fear, could unravel completely. Several leading politicians jailed on graft charges, including two former prime ministers who head Bangladesh's two major parties, have received bail or are expected to do so soon. The Government needed to release the two former prime ministers, Khaleda Zia of the Bangladesh Nationalist Party (BNP) and Sheikh Hasina of the Awami League, to ensure their respective parties compete in Parliamentary elections in December. But the courts are issuing bail or staying cases to many of the two women's allegedly corrupt cronies, raising questions about whether charges will be pursued after elections. It now seems that the anti-corruption campaign, launched immediately after the Caretaker Government came to power to cleanse Bangladesh of pervasive political graft, may be the biggest casualty of the return to democracy.

DEJA VU ALL OVER AGAIN

12. (SBU) The photo on page two of the September 10 edition of the The Daily Star newspaper shows all one needs to know about the state of the anti-graft drive. Chief Adviser Fakhruddin Ahmed is seen swearing in the men who won the Aug. 4 elections for mayor in four major cities. They include Badaruddin Ahmed Kamran, who won a landslide reelection as Sylhet mayor while in jail on corruption charges. The photo was taken just five days after he was released on bail. In recent days, several other politicians have received bail and are expected to be among the major figures in the Parliament campaign in December.

13. (SBU) Tops among those politicians is BNP Chairwoman Khaleda Zia, who was released from prison on bail September 11 and immediately took charge of party affairs. Her son Tarique Rahman, the BNP's senior joint secretary general with a reputation of being spectacularly corrupt, was freed September 3 after receiving bail in all 13 graft and extortion charges he faced. Although he was widely expected to fly overseas as early as September 11 for medical treatment and was not expected to return before the elections, party activists continue to see him as political heir to his mother. Meanwhile, Awami League President Sheikh Hasina is pursuing bail in her corruption cases as well. Hasina is in the United States on parole for medical treatment and is expected to return in the coming weeks. The CTG, after months of resisting demands that Zia, Hasina and Tarique be released, ultimately allowed them to leave jail to

ensure their parties participate in the Parliament vote.

¶4. (SBU) A gaggle of other political leaders have walked out of jail in recent weeks. They include Salauddin Quader Chowder, the former parliamentary adviser to Khaleda Zia who was released September 5 after receiving bail in six cases of extortion and amassing illegal wealth; Obaidul Qader, Awami League joint general secretary and former state minister for sports, who was released September 5 after receiving bail in six cases of tax evasion, bribery and concealing information on illegally acquired assets; and Salman F. Rahman, vice chairman of the Beximco Group and Awami League leader who was released August 27 after receiving bail in numerous cases, including one of securing a bank loan through forgery. Awami League General Secretary Abdul Jalil, who had been on medical parole in Singapore since March, received bail September 10 in a case accusing him of concealing information in his wealth statement. Jalil immediately announced he would resume his party duties.

WHAT ABOUT THOSE STILL IN JAIL AND THOSE WHO ABSCONDED?

¶5. (C) In addition to the bail issuances, the courts have issued stays in many high-profile graft cases filed by the Anti-Corruption Commission (ACC). The reasons behind the flurry of judicial activity are not completely clear. As the Caretaker Government has approached its self-imposed exit by year's end and has acquiesced to the release of Khaleda Zia and Sheikh Hasina, judges may be less fearful of acting

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independently -- or, perhaps more to the point, on a partisan basis. Uncertainties over rules for issuing bail during the State of Emergency also may be dissipating. Local media quoted ACC Chairman Lt. Gen. (retired) Hasan Mashhud Chowdhury as saying in early September that the rush of bail and stay orders was damaging the commission's image. He was quoted as saying that Bangladeshis might now question the efficacy of the anti-graft campaign; he also reportedly said it would take time to get the cases back on track.

¶6. (SBU) In contrast to those whose cases were pending and have received bail, so far only one of the approximately 130 former members of Parliament, Cabinet members, state ministers, political party leaders, business moguls and other high-profile Bangladeshis convicted in the anti-graft drive has received bail. (Note: Sigma Huda, the former UN Special Rapporteur on Human Trafficking in Bangladesh, was granted bail on medical grounds August 6. Several other people convicted of corruption have received bail in some but not all of their cases and remain in jail. End note.) Approximately two-thirds of those convicted, however, were tried in absentia, including former Foreign Minister M. Morshed Khan and BNP Joint Secretary General Harris Chowdhury. There are at least some signs that those convicted in absentia and living overseas now see a more favorable climate for returning to Bangladesh; Anwar Hossain Manju, who was Minister of Energy under General Ershad's rule during the 1980s, is vowing to return from the U.S. soon to challenge the charges.

COMMENT: WHITHER THE FIGHT AGAINST CORRUPTION?

¶7. (C) It is difficult these days to find anyone really upbeat about the prospects for the anti-corruption drive. Assuming the elections go forward as planned, perhaps the most plausible scenario goes like this: top politicians released on bail remain free throughout the election campaign; corruption cases against them and others picked up in the anti-graft drive are dropped by the next government, which is likely to be headed by Zia or Hasina; and the many judges who chafed at State of Emergency restrictions and

intimidation provide legal redress to those already convicted. In the meantime, the ACC switches gears and focuses more on bureaucrats and businessmen than politicians. Even if the ACC-led drive against the political elite collapses, some BNP and Awami League insiders argue that their parties recognize the overwhelming initial public support for the anti-graft drive and will keep people perceived to be corrupt out of top positions. To date, however, there is no evidence Khaleda Zia and Sheikh Hasina plan to dedicate themselves to cleaning up the perennially corrupt politics for which their parties are primarily responsible.

Moriarty